GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4515
ANSWERED ON:23.12.2005
IRREGULARITIES IN FOREIGN EXCHANGE
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Masood Shri Rasheed;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has demanded the report from ICICI Bank relating to the irregularities committed by its treasury management ;

(b) if so, the details thereof ;

(c) the losses occurred to ICICI Bank in deal of Euro Currency ;

(d) whether any action has been taken against the officers held responsible for same; and

(e) if not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)to(e) Yes, Sir. In August 2005, the ICICI Bank had suspended three dealers working in its Treasury and two officials working in the middle office in connection with unauthorized foreign exchange transactions which resulted in exceeding the RBI approved Net Outstanding Open Position Limit of Rs. 300 crore.The bank has incurred a total loss of Rs. 2.40. crore on account of foreign currency transactions entered into by the concerned dealer. RBI has reported thai after carrying out a detailed investigation of the above incident, the bank has strengthened internal processes and systems to avoid recurrence of such incidents.